

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Canada Signed a Hormone-free Beef Agreement with the European Union * Chinese Inspectors to Visit Canada * Low Pathogenic Avian Influenza Found in Manitoba Turkey Flock * Oats Health Claim Comes to Canada

Canada Signed a Hormone-free Beef Agreement with the European Union

In a press release on Tuesday, the Canadian government announced the finalization of a Memorandum of Understanding (MOU) with the European Commission as part of the long standing WTO dispute between Canada and the European Union on beef hormones. This bilateral deal will eventually add an additional 3,200 tons to an existing hormone-free beef Tariff Rate Quota (TRQ) negotiated through a similar MOU by the United States more than one year ago. Both the Canadian and the American TRQs are administered on a most-favored nation (MFN) basis, therefore available for all WTO-member countries. The existing U.S.-negotiated TRQ was opened by the EU in August 2009 for a total of 20,000 tons. It represents the first installment of an overall 45,000 ton TRQ, the rest to become available in 2012. If the Canadian MOU is similar in this respect with the U.S. one, then the initial access level will probably be about half of the overall negotiated 3,200 tons. However, in order to become applicable, the MOU has to go through the EU approval process, which has lengthened considerably since the implementation of the Lisbon Treaty in December 2009. Additionally, the hormone-free beef must meet not only the specific requirements of this deal, but also the EU's general meat import requirements, of which one related to anti-microbial treatment of carcasses seems to represent a real obstacle to Canadian exports. At present, only five small-size slaughterhouses in Canada have been approved by the EU, and the bulk of exports to the European market consist of bison meat. The press release can be found at:

http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2010&page=n101123

In a related development, also on Tuesday, the EU approved the Canadian Food Inspection Agency as a body authorized to issue certificates of authenticity attesting to the compliance of hormone-free beef with the specific requirements of the EU hormone-free beef TRQ (the existing 20,000 tons mentioned earlier). To date, the EU has also approved the Food Safety and Inspection Service (FSIS) of the United States Department of Agriculture (USDA) in July 2009 and the Department of Agriculture, Fisheries and Forestry (DAFF) of the Australian Government in January 2010. The text of the EU decision can be found at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:318:0002:0002:EN:PDF>

Chinese Inspectors to Visit Canada

A recent news article reported that Chinese inspectors will be visiting Canada soon to assess the Canadian meat inspection system, an important requirement before China will reopen its borders to Canadian beef. China shut down imports from Canada in 2003 following the discovery of BSE in some Alberta cattle. In June of this year, the Canadian government struck a deal with China for resumption of trade in beef under 30 months (UTM) and tallow. At this point it is not yet clear whether the Chinese authorities are going to approve the entire Canadian inspection system, or if they will approve each plant separately. It is expected that trade could resume soon after the inspection process is completed. However, it will likely be well into 2011 before the first beef shipments will actually leave for China.

Low Pathogenic Avian Influenza Found in Manitoba Turkey Flock

The Canadian Food Inspection Agency (CFIA) confirmed that the virus detected in a commercial turkey breeder operation in the Rural Municipality of Rockwood, Manitoba is low pathogenic H5N2 avian influenza (AI). The infected farm remains under quarantine, and all birds in the operation will be humanely destroyed within days. As a precautionary measure, CFIA has also quarantined a local hatchery and two poultry farms that had significant contact with the infected farm. Canada has already notified the outbreak to OIE (The World Organization for Animal Health) and information can be found at the following link:

http://www.oie.int/wahis/public.php?page=single_report&pop=1&reportid=9973

Oats Health Claim Comes to Canada

Pepsico, which bought out the Quaker brand in 2001, announced that Health Canada formally recognized a new health claim regarding the relationship between oat fiber and reduced cholesterol, a risk factor for the heart. Eleven of Pepsico's oat products are eligible for the new claim, with some qualifiers. According to Pepsico, the new claim will require nutritional criteria which include minimum amounts of vitamins and minerals as well as maximum levels of cholesterol, sodium and saturated fat. An example of an eligible claim is "1/3 cup (30g) of Quaker rolled oats supplies 40 percent of the daily amount of fiber shown to help reduce cholesterol." Canadian food companies have complained that Health Canada is too slow in evaluating claim applications, noting that the health claim on the association between soluble fiber from whole oats and a reduced risk of coronary disease was approved by the Food and Drug Administration over ten years ago (1997). Health Canada is making an effort to modernize its framework for evaluating health claims. Of note, to make a new disease risk reduction claim, a regulatory amendment to the Food and Drug Regulations is required. Once a claim of this type is permitted by the Regulations, any food that meets the stated criteria may carry the claim using the prescribed wording for the claim. In May 2010, Health Canada announced its approval of a new disease reduction claim regarding the relationship between the consumption of plant sterol-enriched foods and blood cholesterol lowering.

Exchange Rate: Noon rate, November 26, 2010 (Bank of Canada): U.S. Dollar = C\$1.0191